

## Message Text

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ACTION EB-07

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 4414

INFO USDOC

AMEMBASSY DAMASCUS

AMEMBASSY RABAT

AMCONSUL CASABLANCA

UNCLAS CAIRO 5663

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E.O. 11652: N/A

TAGS: BEXP, EG, MO, SY

SUBJECT: TEXTILE EQUIPMENT TRADE MISSION VISIT TO EGYPT

1. SUMMARY: TEXTILE EQUIPMENT TRADE MISSION TIMING WAS PERFECT FOR  
TRADE DEVELOPMENT PURPOSES. EMBASSY CONSIDERS VISIT HIGHLY  
SUCCESSFUL MISSION MEMBERS REPORTED THEY ACHIEVED PRIMARY OBJECTIVES  
AND  
RESULTS EXCEEDED EXPECTATIONS. MISSION FROM MAY 23-30 HAD FULL PRO-  
GRAM  
FACTORY VISITS AND MEETINGS ARRANGED BY POST IN COOPERATION WITH GOE  
AND RECEIVED EXTREMELY WARM WELCOME FROM EGYPTIANS, MAJOR IN  
MARKET DEVELOPMENT WILL BE FINANCING. END SUMMARY.

2. TIMING OF TEXTILE EQUIPMENT TRADE MISSION VISIT MAY 23-30 WAS PRAC-

TICALLY PERFECT BECAUSE WORLD BANK NOW PREPARING \$200 MILLION PLUS  
TEXTILE PROJECT FOR EGYPT AND EGYPTIAN FIVE YEAR PLAN 1976-80

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PROBABLY

WILL INCLUDE LE 350 MILLION (ABOUT \$950 MILLION) FOR TEXTILE AND COTTON GINNING INDUSTRIES. US HAD VIRTUALLY LEFT LARGE EGYPTIAN TEXTILE MACHNERY MARKET TO COMPETITORS FOR LAST 15 YEARS, WITHOUT REAL EFFORT TO MAINTAIN ITS SHARE. MISSION VISIT WAS REGARDED BY GOE AND PRIVATE TEXTILE OFFICIALS AS SYMBOLIC RE-ESTABLISHMENT OF ONG-SEVERED TIES.

3. WITH ONLY HLAOF OF THE MISSION MEMBERS REPORTING, PROJECTED 12-MONTH SALES ARE \$1.7 MILLION WITH AN DDITIONAL\$400 THOUSAND PRO-JECTED WITHIN TWO YEARS. 25 LEADS WERE DEVELOPED. CROMPTON & KNOWLES APPOINTED AGENT ON SPOT, MORRISON, ARTMORE, COLEMAN AND CONSOLIDATED INTERNATIONAL EXPECT APPOINT AGENTS WITHIN 12 MONTHS. AGENT LEADS TOTAL 13. SIX MISSION MEMBERS INDICATED TO COMML. OFF. THAT COMPANY REPS WOULD RETURN TO EGYPT WITIN NEXT 3-4 MONTHS.

4. MISSION MEMBERS MET WITH MINISTERS OF TRADE AND INDUSTRY. MINISTER OF FINANCE ALSO ATTENDED SOCIAL OCCASION. MEETINGS WITH DEPUTY CHAIRMAN GENERAL ORGANIZATION FOR INDUSTRIALIZATION, CHAIRMAN EGYPTIAN GENERAL ORGANIZATION FOR SPINNING AND WEAVING AND OFFICIALS OF THE EGYPTIAN FEDERATION OF INDUSTRIES WERE FRUITFUL. AMONG THE MOST USEFUL MEETINGS WERE SESSIONS WITH THE CHAIRMEN OF VARIOUS FACTORIES AND MILLS VISITED WHERE THEY DISCUSSED AMBITIOUS EXPANSION PLANS.

5. MISSION VISITED MISR FINE SPINNING AND WEAVING MILLS AND BEIDA MILLS AT KAFR EL DAWAR, EL NASR CLOTHING AND TEXTILE COMPANY, EL NASR WOOL AND SELECTED TEXTILES COMPANY IN ALEXANDRIA AND THE MEHALLA AL KUBRA TEXTILE COMPLEX. IN ADDITION, QUALITY CONTROL CENTER OF PRINCIPAL TECHNICAL CENTERS FOR BOTH COTTON PRODUCTION AND QUALITY CONTROL OF EXPORTED TEXTILES. MISSION MEMBERS GAINED IN DEPTH VIEW OPERATING PROBLEMS AND EQUIPMENT REQUIREMENTS THIS MAJOR SEGMENT EGYPTIAN INDUSTRIAL SECTOR.

6. SOCIAL OCCASIONS PROVIDED SERIES OF OPPORTUNITIES FOR PRO-TRACTED CONTACTS WITH SENIOR TEXTILE OFFICIALS FROM PUBLIC AND PRIVATE SECTORS. CHARGE HOSTED RECEPTION FOR MORE THAN 125 EGYPTIAN GUESTS AT BEGINNING OF MISSION AND LATER CONGEN ALEX-ANDRIA HOSTED RECEPTION FOR TEXTILE OFFICIALS IN ALEXANDRIA. MISSION MEMBERS WERE BRIEFED BY COMML. OFF. ON FIRST WORKING DAY

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7. FROM THE EGYPTIAN SIDE, MISSION MEMBERS WERE ALMOST OVER-WHELMED WITH HOSPITALITY. MINISTER OF INDUSTRY HOSTED LUNCHEON FOR MORE THAN 100 GUESTS. TWO COMPANY CHAIRMEN HOSTED LUNCHESES, TWO LUNCHESES WERE GIVEN BY EGYPTIAN FEDERATION OF INDUSTRIES AND FINAL FAREWELL RECEPTION HOSTED BY CHAIRMAN, EGYPTIAN SPINNING AND WEAVING ORGANIZMTION.

8. MISSION MEMBERS APPEARED TO BE EXTREMELY PLEASED WITH SCHED-  
ULING AND ARRANGEMENTS ALTHOUGH A NUMBER WOULD HAVE PREFERRED TO  
HAVE MORE PROGRAMMED FREE TIME TO SPEND ADDITIONAL PERIODS WITH  
PROSPECTIVE CUSTOMERS AND AGENTS. MISSION DIRECTOR AND SEVERAL  
COMPANY REPS SUGGESTED THAT AT LEAST ONE DAY BE LEFT COMPLETELY  
OPEN. EGYPTIAN PRIVATE SECTOR TEXTILE MANUFACTURERS PRIVATELY  
COMPLAINED TO SOME MISSION MEMBERS THAT THEIR PLANTS WERE NOT  
VISITED AND THAT PROGRAM CONCENTRATED TOO MUCH ON PUBLIC SECTOR.  
WHILE EMBASSY WISHES TO ENCOURAGE PRIVATE SECTOR CONTACTS, FROM  
ORGANIZATION OF EGYPTIAN TEXTILE INDUSTRY, BULK OF TEXTILE  
MACHINERY SALES WILL HAVE TO BE WELL-ESTABLISHED PUBLIC  
SECTOR TEXTILE COMPANIES.

9. SPECIAL PRORAM WAS ARRANGED FOR SOLE MANUFACTURER COTTON  
GINNING MACHINERY. HE EXPECTS AS RESULT OF THIS MISSION THAT GOE  
MAY BE READY FOR HISTORIC CHANGE FROM ROLLER TO SAW-TYPE COTTON  
GINNING. HE STATED THAT NUMBER AND PLACEMENT OF CONTACTS OBTAINED  
DURING THIS MISSION COULD ONLY HAVE BEEN OBTAINED THROUGH TWO YEARS  
OF REPEATED VISITSSBY COMPANY REPS, IF AT ALL.

10. SEVERAL MANUFACTURERS ARE CONSIDERING PLACING SAMPLE MACHINERY  
IN EITHER EGYPTIAN MILLS OR QUALITY CONTROL CENTER. MISSION MEMBERS  
OBSERVED IN SEVERAL MILLS THAT COMPETITORS HAVE OFFERED SINGLE  
MACHINES AS SAMPLES. ALSO, IT WAS NOTED THAT A SUBSTANTIAL TEXTILE  
MACHINERY WAS EXHIBITED AT THE CAIRO INTERNATIONAL FAIR EARLIER  
THIS YEAR BY MAJOR NON-AMERICAN MANUFACTURERS OF TEXTILE MACHINERY.

11. MAJOR PROBLEM BLOCKING REALIZATION TEXTILE MACHINERY SALES  
OPPORTUNITIES IS FINANCING. ALTHOUGH US PRICES NOW COMPETITIVE OR  
LOWER THAN MANY OTHER MAJOR COMPETITORS, OTHER NATIONS SEEM ABLE  
PROVIDE BETTER FINANCING. SOME MISSION MEMBERS INDICATED THEY WOULD  
BE DISCUSSING ENCOURAGEMENT OF EXIM FINANCING FOR EGYPT WITH THEIR  
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CONGRESSMEN AND OTHERS ENCOURAGED DISCUSS MARKETING PROBLEMS WITH  
MEMBERS US/EGYPTIAN JOINT BUSINESS CHAMBER. MEMBERS WERE CONSER-  
VATIVE IN ESTIMATES OF FUTURE SALES BECAUSE OF THEIR INABILITY  
PROVIDE FINANCING FOR THIS MOST PROMISING MARKET.  
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